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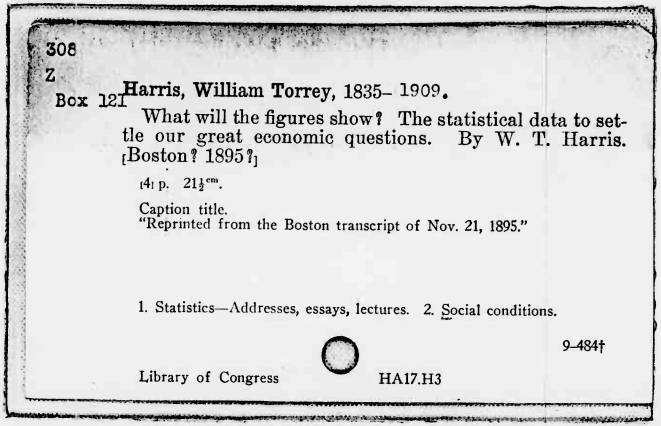

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WHAT WILL THE FIGURES SHOW?

The Statistical Data to Settle Our Great Economic Questions.

By W. T. HARRIS.

[Reprinted from the Boston Transcript of Nov. 21, 1895.]

Towards the close of his first volume on the subject of capital [page 790 of volume I., third edition. In the translation of that work, edited by Frederick Engel, the passage is found in volume II., page 788], the philosophic leader of Socialism, Karl Marx, gives utterance to the following statement as a law of political economy in force in modern competitive industry—in which he thinks that the centralization of capital has proceeded so far as to turn laborers into slaves by absorbing or "cornering," so to speak, all their means of subsistence—he says: "Along with the constantly-diminishing number of great capitalists who monopolize the instruments of production, there is a constantly increasing mass of misery, oppression, bondage, deformity and extortion." This I take to be the origin of the famous Jeremiad, to which we have all listened with dismay: "In our day the rich are growing richer and fewer, the poor are growing poorer and more numerous." Or, as Dean Farrar gave it the other day in the columns of the North American Review: "While the rich are growing richer, the great masses of the poor are growing relatively poorer." In Henry George's famous "Progress and Poverty," this law of modern society is quoted with tragic emphasis. Again it is used by Bellamy in his "Looking Backward"—a book which, like that of Henry George, has nearly produced a revolution in the public opinion of the age on economic and social questions. A large and increasing class of our citizens look wistfully towards some one or other form of Socialism for the solution of evils that they are convinced can find no remedy in our competitive industry. Thus, it is revolution, and not reform, that is on its way towards us if Karl Marx's law of the distribution of wealth is a true law, and not merely a supposed one.

How important then to have this question of the trend of modern productive industry settled by an accurate canvass of the statistics in this country and in all countries of the world where a like or a different system of industry prevails!

And yet our best-hearted philanthropists and economists in large numbers are content to enounce this supposed law as Dean Farrar has lately done, without questioning its validity. There are no efforts made by the statisticians in charge of the census of any nation to secure the best data to prove or disprove this law.

If we must incline to the side of the Socialists and believe with them that the present structure of our industrial civilization is so organized that the rich become richer and fewer, and the poor poorer and more numerous, and that the middle class is sinking to the level of the poor class, we must admit that there is need of a revolution and that a mere reform is not sufficient. Something is radically wrong in that case.

Statistical data are therefore needed in the first place to show the comparative ratios of wealth and poverty in different epochs—some recent date, 1880 or 1890, and some older date contemporary with the beginning of the modern era of steam transportation, say 1830 or 1840; also some still older date contemporary with the begin-

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ning of the era of machinery, 1790 or 1800 in Great Britain; 1820 in this country.

But in the countries where a carefully graded income tax has existed, as in Great Britain, there ought to be found the data for close estimates. Mr. Dudley Baxter in 1867 estimated the national income or total production of the United Kingdom and classified the people according to wealth and poverty. About the same time Leone Levi undertook similar researches. Since then Robert Giffen, the head of the statistical department of the Board of Trade and president of the Statistical Society of Great Britain, has written numerous papers in his careful and judicial spirit going over the data which bear upon this important question of the distribution of wealth, not only in his nation but in other nations which publish income returns. His two series of essays published by George Bell & Sons in London are the best works we have on the subject. The new edition of Mulhall's Dictionary of Statistics published in 1891 brings together a vast amount of statistical data on this subject under the heads of Income, Wealth, Finance, Occupation, Prices, Agriculture, Manufacture, Commerce, Taxation and the like topics. These items are of more or less value according to the authorities from which they are compiled or in proportion to the good luck of Mr. Mulhall in guessing the results from such data as he could find. The latest edition of the Dictionary of Statistics—that of 1891—is of much greater value than the former editions because its author takes more pains to give his authorities.

I give the following figures from Leone Levi's "Wages and Earnings of the Working Classes," published in 1885, as the most probable facts that bear on the supposed law of Karl Marx:

	1850-51.	1879-80.
Great Britain—	Number.	Number.
£150 to £300	68,804	241,568
300 to 500	21,367	61,635
500 to 1,000	12,258	29,839
1,000 to 2,000	4,708	11,495
2,000 to 3,000	1,342	3,474
3,000 to 10,000	1,551	4,095
10,000 to 50,000	312	910
50,000 and over	26	77
Total is	144,322	398,835
Average income	£470	£424

In the above table we see by the increase of incomes in 1879-80 that there are now three and one-half times as many in the lowest rank of the middle class as in 1850 (incomes £150 to £1500); three times as many in the next rank (incomes £1500 to £2500) two and one-half times as many with incomes from £2500 to £5000; two and one-half times as many with incomes from £5000 to £10,000; two and three-fourths times as many from £10,000 to £15,000, meanwhile the population has increased only thirty-three per cent.

The middle class (incomes £750 to £5000) has trebled—102,489 (in 1850) to 333,022 (in 1880). The moderately wealthy class (incomes £5000 to £15,000) has more than doubled (6,050 to 14,969).

The laboring class, whose annual incomes are less than £750, averaged in 1850-51 £53, ($265); in 1891 the average had risen to £83 ($415). Very many, 180,000, or more, had ascended from the poor class into the class paying an income tax.

The average daily production of each inhabitant of the United States has been found to be 40 cents on the basis of 7300 million dollars total annual product in 1880. The average daily production of an inhabitant of the British United Kingdom is 38 cents on a basis of one thousand millions sterling total annual product. But, at 1247 millions sterling (Leone Levi's estimate), the figure usually given for that product, is 49 cents a day, making by far the largest average income, per inhabitant, in the world.

The first statistical data that should be investigated by our economic students should therefore be those that relate to the distribution of wealth among the different classes. But it is necessary to have with this a carefully ascertained census of the total annual production of the nation, from which the average per capita of each inhabitant should be computed. For there is a second great economic question needing to be settled. It is that of the claims of labor or capital for wages. It is assumed by Socialists that wages can base its claims on the amount of wealth produced and not on the rates fixed by competition of labor with labor. Hence arise numerous strikes and a waste of time and destruction of capital. (The question here relates only to socialistic strikes and not to strikes justified by the greed of capital to get more than its share).

We could say with assurance of reason to the laborer who claims that his wages should be fixed according to the total product and not according to the rates for which the labor market could supply his place: "Yes, but you cannot reasonably claim for your share a larger wage than each laborer would get if the total annual production of the nation were divided among the laborers, and this too without setting apart any portion for the payment of directive power or for the use of capital or the rental of land."

In 1880 the production of the United States (as we have estimated it) amounted to the sum of forty cents per day for each man, woman and child. If this were divided among those following a gainful occupation each would receive $34.80 per month or $1.35 a working day, or $8.10 per week of six days.

In a course of lectures in the School of Applied Ethics I heard a philanthropic clergyman of Philadelphia say last winter, speaking of a poor girl in Chicago, who had been one of the strikers for higher wages, that she received only the wages of nine dollars per week! This apparently seemed to him scandalously low. He asked that capital should divide with labor and increase the wages from nine dollars to some higher sum not stated.

If the philanthropist had begun by inquiring into the statistical data of the question, he might have discovered that the poor but defiant girl—for she was declaiming against the tyranny and greed of the corporation for which she was working—was already receiving an amount in wages above the average total product of the nation divided pro rata among its actual laborers. If she had her share, without giving anything to capital or land, she would have been receiving not $9 a week, but only $8.10 per week!

She was already on the side of the "bloated bond-holders" whom she was condemning so earnestly! For if any one receives more than his numerical pro rata of the wealth produced in his land it is evident that some one else must receive less than that numerical pro rata. And even the most pronounced Socialists admit that no individual can claim as his share more than a numerical pro rata would come to, if capital and land are not even considered, and nothing is set aside to remunerate them for the use made of them by labor.

Is it not evident there is a very important statistical item here to be obtained and fixed with precision when strikes and incipient revolutions are depending on it, and when noble-minded men or women believe and teach that the members of the labor unions do not receive their just dues in wages? Their sympathy is not given to the farmer, who averages less than six dollars a week, but to the mechanics and manufacturers—those already working in the mills for much more than $8 per week, if the estimate quoted is correct. Ought they not to ascertain this item of average production and also the items of average wages and income of farmers, mechanics, and all classes of people? We ought not to depend on a few mere estimates such as those of Dudley Baxter, Leone Levi, Edward Atkinson, Robert Giffen or Michael Mulhall.

Right here comes in the question of cities and their portentous growth in recent decades. Is the growth portentous or beneficent?

It is assumed that the country is much healthier than the town, and yet with the modern growth of cities the average length of life has increased until it has reached forty-one years in Great Britain. It would seem that the comforts of the city are more conducive to long life than the exposures of rural life.

Statistics carefully taken should show where lies the fallacy of this. Moreover, it should be shown why people leave the rural districts for the town. Will it not be shown that more persons are engaged in agriculture than are actually needed to produce the raw materials of food and clothing? Is there not over-production of raw material?

On the other hand, is there any danger of over-production in manufactures and commerce as a total? Let the laborer who produces raw material and also the laborer who produces the rough manufacture ascend to the manufacture of articles of luxury, comfort and ornament, to the production of means of culture: let him ascend to the vocations that minister protection and culture, that connect each individual with all his fellows, and surely there will never be over-production in the higher vocations. The time will come when one man with machinery will produce the raw material for the food and clothing of one hundred people. Another with machinery will make the coarse or plain and needful food and clothing. Ninety-eight will be engaged in higher occupations.

To show what these higher occupations are towards which they are drifting, I subjoin a conspectus of the lower and higher vocations. The laborers in the former decrease, but in the latter there is a steady increase to be expected.

LIST OF OCCUPATIONS.

I. The Lower Order—Production of Necessities.

1. Procuring of raw materials.
   (a) Agriculture and grazing.
   (b) Hunting, fishing.
   (c) Mining (including petroleum wells, etc.)
2. Transportation.
   (a) Teaming.
   (b) Railroad.
   (c) Water transportation.
3. Transformation of products.
   (a) Textile fabrics, cloth and clothing.
   (b) Wood and metal work.
   (c) Leather.
   (d) Miscellaneous.

II. The Higher Order—Production of Means of Luxury, of Protection and of Culture.

The vocations that provide:

1. Means of luxury and creature-comfort, including manufactures that require a higher order of educated, technical skill.

2. Means of protection, including—
   (a) Those who provide amusement and recreation.
   (b) The medical profession.
   (c) The legal profession.
   (d) Officials managing public works or public charities, also Government officials.
   (e) Insurance companies and the directive agents of companies formed for guarding the interests, general or special, of society as a whole or of any particular part of it—charitable associations, trade unions, etc.

3. Instrumentalities of culture.
   (a) Moral and religious—churches, etc.
   (b) Intellectual and moral education—schools and libraries.
   (c) Esthetic—including all trades that produce ornament on useful goods or that produce works of art in sculpture, painting, music, poetry and literary art, landscape gardening, etc., also all influences that cultivate taste—the formation and care of art museums, etc.
   (d) The collection and diffusion of information, editing and printing of books and newspapers, telegraph operators, etc.
   (e) Pursuit of science and the invention of devices useful in the arts.

Again the question of single tax and of Henry George's doctrine of the danger of private property in land—this can be settled by the statistics showing first the ratios of wealth in land and wealth in improvements, and secondly by the statistics showing the ratio of rent to the total cost of living.

The production of the United States has risen in 1880 to forty cents per day for each inhabitant from an average of twenty-five cents in 1850. The estimate here made for 1850 compared with that of 1880 given in cents per day is as follows:

	1880. Cents.	1850. Cents.
Agriculture (including live stock)	18	12
Manufactures as reported	10.8	5.8
From transportation in enhanced value of products	3.7	1.2
Agricultural product consumed in the household and not reported	4.1	3.2
Household manufactures	1.4	1.8
Building of railroads and houses, mining, fisheries and miscellaneous	2	1
Total	40	25

Judging by data derived from the United States census and from the State census of Massachusetts for 1885 (taken by Hon. C. D. Wright) the total land value in 1880 was ten billions of dollars. The total of rent must have been in the neighborhood of four hundred millions of dollars. This was a little more than two cents per day for each inhabitant.

If the total product is forty cents per day, it is eighteen times as large as the amount that is claimed by the land, and Henry George has been mistaken in his estimate of the evils of private ownership in land. Or if we take the estimate of Mr. Shearman (in The Forum), namely, twenty billions instead of ten billions for land values—still the result remains substantially the same. For that still would give only one-ninth of the total income for rent instead of one-eighteenth as before.

Since the rental of the land of the country in 1850 (estimating the land at the low estimate of three billion dollars) at four per cent amounted to one and one-half cents (1.43 cents) per day to each inhabitant, it is seen that while the income has increased fifteen cents per day, the average rental per inhabitant has increased in thirty years only ¾ cents per day.

English land seems to draw for its rental less than three cents per day from each inhabitant. But we ought not to be left to mere estimates in so important a matter. For this land question involves a revolution like the question of the distribution of wealth. It is easy for census bureaus to ascertain the amount of wealth in land exclusive of buildings, as was done in Massachusetts in 1885 by Colonel Wright, not only this but the value of all improvements should be carefully ascertained and subtracted from the total of real estate. Then this would give data for sound views on the land question.

Another line of statistics of importance to our social and political wellbeing is an investigation into the effect of a wealthy class of citizens in accumulating property within the nation from decade to decade. Robert Giffen suggests that it is the wealthy who cannot spend all of their income, but who have to invest it in public improvements, to whom we owe the larger part of the savings accumulated from generation to generation. All people profit by these accumulations invested in public improvements. Careful statistical investigations would show us how useful or how useless are the wealthy class in this and other respects.

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